

382.365 Release of lien, with notice to property owner, within thirty days of satisfaction -- Proceeding against lienholder in District Court or Circuit Court -- Liability of lienholder when lien not released or notice not sent -- Notice to state or lienholder.

- (1) A holder of a lien on real property, including a lien provided for in KRS 376.010, shall release the lien in the county clerk's office where the lien is recorded within thirty (30) days from the date of satisfaction.
- (2) A proceeding may be filed by any owner of real property or any party acquiring an interest in the real property in District Court or Circuit Court against a lienholder that violates subsection (1) of this section. A proceeding filed under this section shall be given precedence over other matters pending before the court.
- (3) Upon proof to the court of the lien being satisfied, the court shall enter a judgment releasing the lien. The judgment shall be with costs including a reasonable attorney's fee. If the court finds that the lienholder received written notice of its failure to release and lacked good cause for not releasing the lien, the lienholder shall be liable to the owner of the real property in the amount of one hundred dollars (\$100) per day for each day, beginning on the fifteenth day after receipt of the written notice, of the violation for which good cause did not exist.
- (4) A lienholder that continues to fail to release a satisfied real estate lien, without good cause, within forty-five (45) days from the date of written notice shall be liable to the owner of the real property for an additional four hundred dollars (\$400) per day for each day for which good cause did not exist after the forty-fifth day from the date of written notice, for a total of five hundred dollars (\$500) per day for each day for which good cause did not exist after the forty-fifth day from the date of written notice. The lienholder shall also be liable for any actual expense including a reasonable attorney's fee incurred by the owner in securing the release of real property by such violation.
- (5) The former holder of a lien on real property shall send by regular mail a copy of the lien release to the property owner at his last known address within seven (7) days of the release. A former lienholder that violates this subsection shall be liable to the owner of the real property for fifty dollars (\$50) and any actual expense incurred by the owner in obtaining documentation of the lien release.
- (6) For the purposes of this section, "date of satisfaction" means that date of receipt by a holder of a lien on real property of a sum of money in the form of a certified check, cashier's check, wired transferred funds, or other form of payment satisfactory to the lienholder that is sufficient to pay the principal, interest, and other costs owing on the obligation that is secured by the lien on the property.
- (7) The provisions of this section shall not apply when a lienholder is deceased and the estate of the lienholder has not been settled.
- (8) The state licensing agency, if applicable, or any holder of a lien on real property shall be notified of the disposition of any actions brought under this section against the lienholder.

- (9) The provisions of this section shall be held and construed as ancillary and supplemental to any other remedy provided by law.

Effective: July 14, 2000

History: Amended 2000 Ky. Acts ch. 412, sec. 1, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 280, sec. 1, effective July 15, 1998; and ch. 507, sec. 1, effective July 15, 1998. -- Amended 1988 Ky. Acts ch. 259, sec. 3, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 191, sec. 1, effective July 15, 1986. -- Created 1978 Ky. Acts ch. 331, sec. 1, effective June 17, 1978.